# GOVERNMENT OF INDIA
# SHIPPING
# LOK SABHA

UNSTARRED QUESTION NO:801
ANSWERED ON:28.04.2016
Shipbuilding Subsidy Scheme
P. Shri Nagarajan;Patil Shri Chandrakant Raghunath

**Will the Minister of SHIPPING be pleased to state:**

(a) whether the shipbuilding subsidy scheme has been discontinued in the country and if so, the details thereof along with the reasons therefor;
(b) the target set and achieved for shipbuilding in the country during the 11th Five Year Plan (FYP) period;
(c) whether the Government proposes to start any new facility for shipbuilding in the country and if so, the details thereof along with the locations/ports identified for the purpose;
(d) whether the Government proposes to restore the said subsidy scheme to encourage shipbuilding industry in the country and make it more competitive in the global market; and
(e) if so, the details thereof and if not, the other measures taken/being taken by the Government in this regard?

## Answer

MINISTER OF STATE IN THE MINISTRY OF SHIPPING
(SHRI PON RADHAKRISHNAN)

(a) The shipbuilding subsidy scheme expired on 14th August 2007. The Government decided in February 2009 to release subsidy for eligible shipbuilding contracts signed upto August 14, 2007 and, accordingly, budgetary provision was approved for the period 2008-09 to 2013-14.

(b) As per Para 1.17 of the report of Working Group for Shipbuilding and Ship Repair Industry for the Eleventh Five Year Plan (2007-12), shipbuilding delivery of 2.50 million DWT worth USD 2.5 billion had been projected. As per 'STATISTICS OF INDIA'S SHIPBUILDING AND SHIP REPAIRING INDUSTRY' issued by Ministry of Shipping, Indian Shipbuilding industry was able to deliver approximately 1.7292 million DWT during this period.

(c) No, Madam.

(d)&(e):Request for extension of timelines for the previous shipbuilding scheme has been received from the industry. In the mean time, Government of India has approved a new Shipbuilding Financial Assistance Policy for Indian Shipyards to provide them a level playing field vis-Ã -vis foreign shipyards. Financial assistance @20% of the "Contract Price" or the "Fair
â€¦2./ -



Price" as determined by international valuers, whichever is lower, is to be granted to shipyards for shipbuilding contracts signed during April 1, 2016 to March 31, 2026 including the said dates. The 20% financial assistance would be provided for ten years reducing @3% every 3 years.

Further, the Government of India has taken following major steps to encourage Indian shipbuilding industry:

â€¢ Institutional Mechanism on Infrastructure in its 10thmeeting held on December 21, 2015 has recommended grant of 'infrastructure status' to stand alone shipyards. Infrastructure status would enable Indian shipyards to avail cheaper long-term source of capital to Indian shipyards. The attendant tax benefits would enable the shipyards to reduce their cost disadvantage and invest in capacity expansion thereby giving a boost to the Indian shipbuilding industry.
â€¢ Exemption on Customs and Central Excise duty on inputs used in shipbuilding vide Notification Nos. 54/2015-Customs, 55/2015-Customs, 44/2015-Central Excise and 45/2015-Central Excise all dated November 24, 2015. Central Excise duty exemption on inputs used in ship repair of ocean going vessels has been granted in the Union Budget 2016-2017.
â€¢ Procedure for procuring goods at concessional/NIL rate of Central Excise and Customs duty for the Ship Building and Ship repair has been considerably streamlined.
â€¢ All government departments or agencies including CPSUs have to provide Right of First Refusal to Indian shipyards while procuring or repairing vessels which are utilized for governmental or own purpose.

*****